Section 8

Cost Sharing and Payment

Section 8. Cost Sharing and Payment (Section 2103(e))

Check here if the state elects to use funds provided under Title XXI only to provide expanded eligibility under the state's Medicaid plan, and continue on to Section 9.

8.1. Is cost-sharing imposed on any of the children covered under the plan? (42CFR 457.505)

8.1.1. **X** YES
8.1.2. NO, skip to question 8.8.

8.2. Describe the amount of cost-sharing, any sliding scale based on income, the group or groups of enrollees that may be subject to the charge and the service for which the charge is imposed or time period for the charge, as appropriate. (Section 2103(e)(1)(A)) (42CFR 457.505(a), 457.510(b) &(c), 457.515(a)&(c))

8.2.1. Premiums:

On October 1, 1999, AHCCCS began imposing monthly premiums on families whose income exceeded 150 percent of the FPL.

AHCCCS worked collaboratively with KidsCare stakeholders to develop the premium billing proposal based on these goals:

- Insure more children.
- Promote accountability and responsibility.
- Notify KidsCare members of their premium rights and responsibilities.
- Reduce administrative costs and implement a simplified system.
- Have a process that is clear and understandable to the members.

The following is the premium billing and collection process:

- Payments are accepted on a monthly basis.
- The cost sharing methodology does not favor children from families with higher incomes over families with lower incomes.
- AHCCCS ensures that premiums are not assessed on Native American or Alaska Native populations.
- AHCCCS monitors the number of persons who are disenrolled due to nonpayment of premiums and notifies KidsCare members about their premium rights and responsibilities.
- The first monthly premium is not required prior to initial enrollment in the program.
- All premium payments are due by the 15th day of each month of enrollment.
- If the payment is not made by the due date, a past due notice will be sent with a request for payment no later than the last day of the month.

The premium amounts are:

PREMIUM AMOUNTS

Federal Poverty Levels (FPL)	1st Child	More than 1 Child
Above 150% - 175.00%	$10.00	$15.00 Total
Above 175% - 200.00%	$15.00	$20.00 Total

8.2.2. Deductibles: Not Applicable

8.2.3. Coinsurance or copayments:

The AHCCCS Administration only imposes a $5.00 copayment on the non-emergency use of the emergency room. Native Americans and Alaskan Natives are not assessed any copayments.

8.2.4. Other:

8.3. Describe how the public will be notified, including the public schedule, of this cost-sharing (including the cumulative maximum) and changes to these amounts and any differences based on income. (Section 2103(e)((1)(B)) (42CFR 457.505(b))

Information about cost sharing is included in the following:

- Education and application materials.
- Member handbooks provided by KidsCare contractors.
- *Arizona Administrative Register* and other rulemaking activities conducted by the AHCCCS Administration.
- Native American newsletters and meetings make it clear that the Native American and Alaska Native populations are exempt from paying any cost sharing.

8.4. The state assures that it has made the following findings with respect to the cost sharing in its plan: (Section 2103(e))

8.4.1. X Cost-sharing does not favor children from higher income families over lower income families. (Section 2103(e)(1)(B)) (42CFR 457.530)

8.4.2. X No cost-sharing applies to well-baby and well-child care, including age-appropriate immunizations. (Section 2103(e)(2)) (42CFR 457.520)

8.4.3 X No additional cost-sharing applies to the costs of emergency medical services delivered outside the network. (Section 2103(e)(1)(A)) (42CFR 457.515(f))

The AHCCCS Administration imposes a copayment on the non-emergency use of the emergency room. The state assures enrollees will not be held liable for cost-sharing amounts for emergency services that are provided at a facility that does not participate in the enrollee's managed care network beyond the copayment amounts specified in the State plan for emergency services.

8.5. Describe how the state will ensure that the annual aggregate cost-sharing for a family does not exceed 5 percent of such family's income for the length of the child's eligibility period in the State. Include a description of the procedures that do not primarily rely on a refund given by the state for overpayment by an enrollee: (Section 2103(e)(3)(B)) (42CFR 457.560(b) and 457.505(e))

Families are advised on the notice of approval that the total cost sharing under KidsCare can not exceed five percent of the families' income. Families are advised to contact AHCCCS if the total cost sharing exceeds the five percent limit. Upon notification, AHCCCS makes changes to the system to stop the imposition of monthly premiums and advises the family that they do not have to pay a $5.00 copayment if they use the emergency room for a non-emergency condition. Although AHCCCS has safeguards in place to ensure that the families do not pay more than the five percent limit, the agency believes that this is not an issue. For example, a family of four with income between 150% and 175% of FPL, with two children enrolled in the program, would have to make 156 visits to the emergency room while paying the family premium of $15 a month. Families with higher income levels are even less likely to exceed the five percent limit.

8.6 Describe the procedures the state will use to ensure American Indian (as defined by the Indian Health Care Improvement Act of 1976) and Alaska Native children will be excluded from cost-sharing. (Section 2103(b)(3)(D)) (42CFR 457.535)

The Application for AHCCCS Health Insurance requests information about the child's race. If the child is American Indian or Alaska Native, AHCCCS does not assess a premium or copayment.

8.7 Please provide a description of the consequences for an enrollee or applicant who does not pay a charge. (42CFR 457.570 and 457.505(c))

A. The consequences for non payment of premium are as follows:
   1. If the payment is not made by the due date, AHCCCS sends a past due notice with a request for payment no later than the last day of the month.
   2. If the payment is not received by the 15th day of the second month, AHCCCS mails a ten-day discontinuance letter. Services are terminated if the delinquent payment is not received the end of the second month. If AHCCCS receives the delinquent payment prior to the end of the second month, there is no break in coverage.
   3. Persons may be re-enrolled if all outstanding balances are paid and an updated application is submitted.

B. The following is the hardship exemption to the disenrollment process:
   1. The following definitions apply to this Section:
      a. "Major expense" means the expense is more than 10 percent of the household's countable income
      b. "Medically necessary" means as defined in 9 A.A.C. R9-22-101.
   2. Whenever a monthly statement includes a past due amount and the benefits are at

risk of being terminated, AHCCCS sends a separate notice with information about and instructions for requesting a hardship exemption.

C. The Administration grants a hardship exemption to the disenrollment requirements under A.R.S. § 36-2982 for a household who:
   1. Is no longer able to pay the premium due to one of the hardship criteria listed below, and
   2. Requests and provides all necessary written verification at the time of request.

D. The Administration considers the following hardship criteria:
   1. Medically necessary expenses or health insurance premiums that:
      a. Are not covered under Medicaid or other insurance and
      b. Exceed 10 percent of the household's countable income;
   2. Unanticipated major expense, related to the maintenance of shelter or transportation for work;
   3. A combination of medically necessary and unanticipated major expenses in this section that exceed 10% of the household's countable income; or
   4. Death of a household member.

E. The Administration must receive the written request and verification of exemption eligible criteria by the 10th day of the month in which the household receives the billing statement containing the current and past due premium notice.

F. The Administration notifies the head of household concerning the approval or denial of the request for exemption and discontinuance 10 days prior to the end of the month in which the request was received.

8.7.1 Please provide an assurance that the following disenrollment protections are being applied:

X State has established a process that gives enrollees reasonable notice of and an opportunity to pay past due premiums, copayments, coinsurance, deductibles or similar fees prior to disenrollment. (42CFR 457.570(a))

Medicaid rules regarding opportunities for impartial reviews prior to disenrollment apply to SCHIP. The premium payment is due by the 15th day of each month. If the payment is not made by the due date, AHCCCS sends a past due notice with a request for payment no later than the last day of the month. If the payment is not received by the 15th day of the second month, AHCCCS mails a ten-day discontinuance letter. Enrollees are ensured the opportunity to continue benefits pending the outcome of the hearing.

X The disenrollment process affords the enrollee an opportunity to show that the enrollee's family income has declined prior to disenrollment for non payment of cost-sharing charges. (42CFR 457.570(b))

KidsCare members may report a change at any time. If a change in income is reported, AHCCCS reevaluates KidsCare and Medicaid eligibility and the premium amount.

In the instance mentioned above, that the state will facilitate enrolling the child in Medicaid or adjust the childs cost-sharing category as appropriate. (42CFR 457.570(b))

If a change in income results in a lower premium amount, AHCCCS adjusts the premium amount the next prospective month after the change is reported. If the child appears to be Medicaid eligible, AHCCCS refers the application and documentation to the Department of Economic Security for a Medicaid determination.

X **The state provides the enrollee with an opportunity for an impartial review to address disenrollment from the program. (42CFR 457.570(c))**

AHCCCS sends a notice to the household at least 10 days before benefits are discontinued due to non-payment. The notice includes information about the right to request a hearing and how to request a hearing. If AHCCCS receives the hearing request prior to the discontinuance effective date, AHCCCS may continue benefits pending the outcome of the hearing. Prior to the hearing date, AHCCCS discusses all information with the household to determine if the premium was calculated correctly. If the premium amount is correct, AHCCCS informs the household that the premium amount is correct and that the household has the right to request a hearing. If the premium amount is not correct, AHCCCS corrects the premium amount and the hearing is not necessary.

8.8 The state assures that it has made the following findings with respect to the payment aspects of its plan: (Section 2103(e))

8.8.1. X No Federal funds will be used toward state matching requirements. (Section 2105(c)(4)) (42CFR 457.220)

8.8.2. X No cost-sharing (including premiums, deductibles, copays, coinsurance and all other types) will be used toward state matching requirements. (Section 2105(c)(5) (42CFR 457.224) ***(Previously 8.4.5)***

8.8.3. X No funds under this title will be used for coverage if a private insurer would have been obligated to provide such assistance except for a provision limiting this obligation because the child is eligible under the this title.
(Section 2105(c)(6)(A)) (42CFR 457.626(a)(1))

8.8.4. X Income and resource standards and methodologies for determining Medicaid eligibility are not more restrictive than those applied as of June 1, 1997. (Section 2105(d)(1)) (42CFR 457.622(b)(5))

8.8.5. X **No funds provided under this title or coverage funded by this title will include coverage of abortion except if necessary to save the life of the mother or if the pregnancy is the result of an act of rape or incest. (Section 2105)(c)(7)(B)) (42CFR 457.475)**

8.8.6. X **No funds provided under this title will be used to pay for any abortion or to assist in the purchase, in whole or in part, for coverage that includes abortion (except as described above). (Section 2105)(c)(7)(A)) (42CFR 457.475)**